TREASURYDIRECT AND YOUR FINANCIAL INSTITUTION

The introduction of the new TreasuryDirect system will have a variety of effects on your financial institution. First and foremost, to the extent your computer-savvy customers take to this TreasuryDirect (much as they have taken to your home banking system), lobby traffic involving savings bonds will be reduced.

But it will be far from eliminated. Industry experience has shown that while a segment of your customers may quickly adopt the electronic way of doing things, many more will be slow to adapt and a large segment will be downright resistant. Since sales of paper securities will continue, it remains very important to use training tools such as Savings Bonds University to keep up-to-date in handling savings bond transactions. The savings bonds Resource Guide, discussed in an accompanying article, should also be kept handy.

Over time, as customers become familiar with TreasuryDirect, and self-sufficient in managing their accounts, the administrative costs of supporting bonds should decrease. But you won't be losing those savings bonds customers. Since electronic I Bonds are issued and redeemed via ACH debit and credit of an account at your institution, your customers will merely be shifting their focus to the online world requiring less personal support from you.

Treasury will continue to add services to TreasuryDirect. You can look forward to an electronic EE Bond and the ability to convert paper EE and I Bonds to the TreasuryDirect accounts in the not-overly-distant future. In the meantime, the original *TreasuryDirect* will still be available to provide investment services for marketable securities under the name "Electronic Services for Treasury Bills, Notes & Bonds."

The net result will be continued involvement in the savings bonds program by your financial institution, but at greatly reduced administrative cost.